



261885

Laura Bateman
Carolinas Rates & Regulatory Strategy
410 S. Wilmington Street
Raleigh, NC 27601
919.546.3324
Laura.Bateman@duke-energy.com

November 30, 2015

COPY
Posted: 12/3/15
Dept: AA
Date: 12/3/15
Time: 3:48



Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

Dear Mrs. Boyd:

Enclosed per Docket No. 2006-268-E is the quarterly report of Duke Energy Carolinas, LLC for the twelve months ending September 30, 2015. Debt coverage ratio of earnings to Fixed Charges was 4.72 for this time period.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

Enclosures

pc: Mr. Dukes Scott, Executive Director
Office of Regulatory Staff

Mr. John Flitter, Director
Electric & Gas Regulation
Office of Regulatory Staff

RECEIVED

DEC 03 2015

PSC SC
MAIL / DMS

Duke Energy Carolinas, LLC
Electric Operating Experience - Total Company & SC Retail
12 Months Ended September 30, 2015

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	<u>Operating Revenues</u>	\$ 7,323,527	\$ (153,294)	\$ 7,170,233	\$ 1,768,719	\$ (38,898)	\$ 1,729,821
2	<u>Operating Expenses</u>						
3	O&M Expenses - Fuel	1,626,380	-	1,626,380	405,761	(952)	404,809
4	O&M Expenses - Purchased Power and Net Interchange	375,468	-	375,468	93,472	-	93,472
5	O&M Expenses - Wages, Benefits, Materials, etc.	1,951,332	(56,197)	1,895,135	450,881	(18,042)	432,839
6	Depreciation & Amortization Expenses	1,064,836	51,506	1,116,342	237,929	11,177	249,106
7	Taxes Other Than Income	253,548	21,147	274,695	78,801	4,627	83,428
8	Income Taxes	605,647	(71,038)	534,609	150,506	(14,241)	136,264.87
9	Investment Tax Credit	(5,559)	-	(5,559)	(1,281)	4	(1,277)
10	<u>Total Operating Expenses</u>	<u>5,871,652</u>	<u>(54,581)</u>	<u>5,817,071</u>	<u>1,416,069</u>	<u>(17,427)</u>	<u>1,398,641</u>
11	Operating Return	1,451,875	(98,713)	1,353,162	352,650	(21,471)	331,179
12	Customer Growth	-	2,259	2,259	-	2,259	2,259
13	Interest on Customer Deposits (Before Taxes)	8,358	-	8,358	985	-	985
14	<u>Total Income for Return</u>	<u>\$ 1,443,517</u>	<u>\$ (96,454)</u>	<u>\$ 1,347,063</u>	<u>\$ 351,665</u>	<u>\$ (19,212)</u>	<u>\$ 332,453</u>
15	<u>Rate Base</u>						
16	Plant in Service	\$ 34,342,233	\$ 978,169	\$ 35,320,402	\$ 7,787,095	\$ 192,884	\$ 7,979,979
17	Reserve for Depreciation	(13,863,976)	(51,506)	(13,915,482)	(3,143,774)	(1,121)	(3,144,895)
18	Net Plant	20,478,257	926,662	21,404,919	4,643,321	191,762	4,835,084
19	Construction Work in Progress	360,987	1,020,996	1,381,983	84,554	230,266	314,820
20	Other Rate Base	(463,148)	-	(463,148)	(107,601)	-	(107,601)
21	Total Working Capital	2,005,040	(7,025)	1,998,015	370,725	(2,255)	368,469
22	Materials & Supplies	1,721,030	(110,031)	1,610,999	410,459	(27,475)	382,984
23	Accumulated Deferred Income Taxes	(6,014,732)	-	(6,014,732)	(1,377,641)	2,468	(1,375,173)
24	<u>Total Rate Base</u>	<u>\$ 18,087,434</u>	<u>\$ 1,830,602</u>	<u>\$ 19,918,036</u>	<u>\$ 4,023,817</u>	<u>\$ 394,766</u>	<u>\$ 4,418,583</u>
25	<u>Rate of Return</u>	7.98%		6.76%	8.74%		7.52%
26	<u>Return on Equity</u>	10.24%		8.13%	11.55%		9.45%

Duke Energy Carolinas, LLC
Electric Accounting Policy Adjustments
12 Months Ended September 30, 2015

Adj.	Description	Historical	GAAP Expenses	GAAP Expense	Change & Amount	Trans. Cycle Time Increase	Interest on Customer Deposits	Income Taxes @ 37.2155% 51.82%	Investment Tax Credit	Plant in Service	Accum. Deprec.	CHUP	ADIT	Other Rate Bases	Working Cash	Materials & Supplies
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ -	\$ -	\$ 21,279	\$ -	\$ -	\$ (8,068)	\$ -	\$ -	\$ (21,279)	\$ -	\$ -	\$ -	\$ -	\$ -
2	To Annualize Wage Rate Increases	-	-	27,671	-	2,349	-	(11,382)	-	-	-	-	-	-	-	-
3	To Update for Increased Benefits Costs	-	-	(293)	-	-	-	111	-	-	-	-	-	-	-	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	14,304	-	(6,431)	-	-	-	-	-	-	-	-
6	To Reflect CHUP Closings to Plant	-	-	-	30,227	4,435	-	(13,142)	-	978,169	(30,227)	-	-	-	-	-
8	To Adjust Income Taxes to Reflect Interest Equalization	-	-	-	-	-	-	(6,686)	-	-	-	-	-	-	-	-
7	To eliminate unutilized revenues	39,662	-	-	-	39	-	14,618	-	-	-	-	-	-	-	-
9	Adjust coal inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Adjust the amount of CHUP to rate base	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,091)
10	Adjust 18 CHUP for accounting and pro forma adjustments	-	-	-	-	-	-	-	-	-	-	1,020,698	-	-	(7,029)	-
11	To Exclude Greenwood Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	To Normalize Nuclear Refueling Outage Costs	-	-	21,120	-	-	-	(8,011)	-	-	-	-	-	-	-	-
14	To remove SC Load Reduction Rider revenue	2,664	-	-	-	-	-	1,019	-	-	-	-	-	-	-	-
15	To remove DSM/EE program revenue and program costs	(194,529)	-	(104,705)	-	-	-	(34,088)	-	-	-	-	-	-	-	-
	TOTAL - ALL PRO FORMAS	\$ (153,334)	\$ -	\$ (84,177)	\$ 51,856	\$ 21,147	\$ -	\$ (71,938)	\$ -	\$ 978,169	\$ (57,658)	\$ 1,020,698	\$ -	\$ -	\$ (7,029)	\$ (16,091)

Duke Energy Carolinas, LLC
Electric Accounting and Pro Forma Adjustments
12 Months Ended September 30, 2015

Adj.	Description	Debit/Credit	CUU Expenses Fuel	CUU Expenses Other	Change in Asset Estimate	Trans. Other Than Income	Interest on Contractual Derivatives	Income Taxes 38.25%	Investment Tax Credit	Plant in Service	Accum. Debits	CHUP	AMT	Deferred Debit/Credit	Working Cash	Materials & Supplies
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ -	\$ -	\$ 6,023	\$ -	\$ -	\$ (1,932)	\$ -	\$ -	\$ (5,953)	\$ -	\$ -	\$ -	\$ -	\$ -
2	To Annualize Wage Rate Increase	-	-	6,429	-	646	-	(2,004)	-	-	-	-	-	-	-	-
3	To Update for Increased Benefits Costs	-	-	(66)	-	-	-	26	-	-	-	-	-	-	-	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	3,329	-	(1,273)	-	-	-	-	-	-	-	-
5	To Reduce CHUP Change to Plant	-	-	-	6,244	990	-	(2,997)	-	219,403	(6,844)	-	0	-	-	-
6	To Adjust Income Taxes to Reflect Interest Capitalization	-	-	-	-	-	-	(562)	-	-	-	-	-	-	-	-
7	To eliminate unutilized revenues	10,535	-	-	-	11	-	4,026	-	-	-	-	-	-	-	-
8	Adjust coal inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,475)
9	Adjust the amount of CHUP in rate base	-	-	-	-	-	-	-	-	-	-	230,266	-	-	-	-
10	Adjust 1/6 CUU for accounting and pro forma adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,255)	-
11	To Exclude Generation Operations	(853)	952	(1,695)	(725)	(246)	-	1,584	4	(24,513)	10,776	-	2,468	-	-	-
12	To Normalize Nuclear Refueling Outage Costs	-	-	4,902	-	-	-	(1,876)	-	-	-	-	-	-	-	-
13	To remove DSM&EE program revenues and program costs	(9,126)	-	(27,810)	-	-	-	(9,048)	-	-	-	-	-	-	-	-
14	To remove SC Load Reduction Rider revenue	2,664	-	-	-	-	-	1,019	-	-	-	-	-	-	-	-
TOTAL - ALL PRO FORMAS		\$ (38,590)	\$ (762)	\$ (11,242)	\$ 11,177	\$ 4,827	\$ -	\$ (13,201)	\$ -	\$ 152,884	\$ 1,121	\$ 232,266	\$ 2,468	\$ -	\$ (2,255)	\$ (27,475)

Duke Energy Carolinas, LLC
Statement of Fixed Assets - Electric
12 Months Ended September 30, 2015

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)	(Col. 7)
	\$	\$	\$	\$	\$	\$	\$
<u>Gross Plant in Service</u>							
1	Intangible Plant	\$ 547,477	\$ 172,440	\$ 719,917	\$ 124,145	\$ 39,477	\$ 163,622
2	Production	19,502,155	522,723	20,024,878	4,422,278	120,289	4,542,567
3	Transmission	3,254,419	151,666	3,406,085	737,967	27,750	765,717
4	Distribution	10,161,206	72,572	10,233,777	2,304,139	18,278	2,322,417
5	General	862,776	58,768	921,544	195,642	13,608	209,250
6	Common	-	-	-	-	-	-
	Subtotal	34,328,032	978,169	35,306,201	7,784,171	219,403	8,003,574
7	Plant Held for Future Use	14,201	-	14,201	2,924	-	2,924
8	Greenwood	-	-	-	-	(26,519)	(26,519)
9	Total Gross Plant in Service	\$ 34,342,233	\$ 978,169	\$ 35,320,402	\$ 7,787,095	\$ 192,884	\$ 7,979,979
<u>Construction Work in Progress</u>							
10	Production	\$ 187,744	\$ 742,306	\$ 930,050	\$ 44,680	\$ 170,819	\$ 215,499
11	Transmission	22,554	155,171	177,726	4,086	28,392	32,478
12	Distribution	6,647	113,111	119,758	1,676	28,488	30,164
13	General	8,752	70,292	79,045	2,073	16,276	18,349
14	Intangible	135,289	(59,884)	75,405	32,039	(13,709)	18,329
15	Total Construction Work in Progress	\$ 360,987	\$ 1,020,996	\$ 1,381,983	\$ 84,554	\$ 230,266	\$ 314,820

Duke Energy Carolinas, LLC
Reserve for Depreciation - Electric
12 Months Ended September 30, 2015

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per-Books	Adjustments	As Adjusted
(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)	
	\$	\$	\$	\$	\$	\$	\$
1	Intangible Plant	\$ (446,301)	\$ (4,915)	\$ (451,216)	\$ (101,203)	\$ (1,125)	\$ (102,328)
2	Production	(7,344,956)	(26,992)	(7,371,949)	(1,665,531)	(6,212)	(1,671,742)
3	Transmission	(1,331,563)	(3,887)	(1,335,450)	(301,943)	(711)	(302,654)
4	Distribution	(4,402,509)	(7,986)	(4,410,494)	(998,306)	(2,060)	(1,000,366)
5	General	(338,647)	(7,726)	(346,373)	(76,791)	(1,789)	(78,580)
6	Common					-	-
7	Greenwood					10,776	10,776
8	Total Reserve for Depreciation	<u>\$ (13,863,976)</u>	<u>\$ (51,506)</u>	<u>\$ (13,915,482)</u>	<u>\$ (3,143,774)</u>	<u>\$ (1,121)</u>	<u>\$ (3,144,895)</u>

Duke Energy Carolinas, LLC
 Other Rate Base - Electric
 12 Months Ended September 30, 2015

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Operating Reserves	\$ (463,148)	\$ -	\$ (463,148)	\$ (107,601)	\$ -	\$ (107,601)
2							
3							
4							
5							
6							
7							
8	Total Other Rate Base	<u>\$ (463,148)</u>	<u>\$ -</u>	<u>\$ (463,148)</u>	<u>\$ (107,601)</u>	<u>\$ -</u>	<u>\$ (107,601)</u>

Duke Energy Carolinas, LLC
Total Working Capital - Electric
 12 Months Ended September 30, 2015

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
(Col. 1)		(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Twelve Month O&M Expenses	\$ 3,294,948	\$ (56,197)	\$ 3,238,751	\$ 786,017	\$ (18,042)	\$ 767,975
2	Working Cash (1/8 of O&M Expenses on Line 1)	\$ 411,869	\$ (7,025)	\$ 404,844	\$ 98,252	\$ (2,255)	\$ 95,997
3	Average Tax Accruals	(176,691)	-	(176,691)	(58,326)	-	(58,326)
4	Subtotal: Investor Funds for Operations	235,178	(7,025)	228,153	39,926	(2,255)	37,671
5	Unamortized Debt	113,007	-	113,007	25,745	-	25,745
6	Required Bank Balance	300	-	300	68	-	68
7	Prepayments	25,948	-	25,948	5,884	-	5,884
8	Customer Deposits	(132,503)	-	(132,503)	(28,479)	-	(28,479)
9	Other	1,763,111	-	1,763,111	327,581	-	327,581
	Other Detail						
	Bond Reacquisition Premiums	113,007		113,007	25,745		25,745
	Pension Funding	379,323		379,323	86,516		86,516
	Pension Deferred Credits	(54,539)		(54,539)	(12,367)		(12,367)
	COR Reversal	102,794		102,794	44,798		44,798
	WC - Other - Injuries and Damages	569,631	-	569,631	129,922	-	129,922
	Reg Asset - FAS 109/Tax related:	667,836		667,836	101,957		101,957
	SC Storm Reserve	(23,187)		(23,187)	(23,187)		(23,187)
	Other Misc	8,246	-	8,246	(25,803)	-	(25,803)
10	Total Working Capital	\$ 2,005,040	\$ (7,025)	\$ 1,998,015	\$ 370,725	\$ (2,255)	\$ 368,469

Duke Energy Carolinas, LLC
Materials & Supplies - Electric
12 Months Ended September 30, 2015

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
	<u>Fuel Stock</u>						
1	Fossil	396,946	(110,031)	286,915	99,120	(27,475)	71,644
2	Nuclear	526,173		526,173	131,388		131,388
3	Total Fuel Stock	923,119	(110,031)	813,087	230,508	(27,475)	203,033
4	Emission Allowances	27,526	-	27,526	6,208	-	6,208
5	Other Electric Materials and Supplies	770,386	-	770,386	173,744	-	173,744
6	Total Materials & Supplies	<u>\$ 1,721,030</u>	<u>\$ (110,031)</u>	<u>\$ 1,610,999</u>	<u>\$ 410,459</u>	<u>\$ (27,475)</u>	<u>\$ 382,984</u>

Note: (a) Adjustment to per book coal inventory balance to reflect target inventory level.

	Total Company	SC Retail
Coal Inventory Target Level (in tons)	2,525	
Price per Ton - Goal	\$97.50	
Total Company Pro Forma Inventory	<u>\$ 248,188</u>	<u>\$ 61,474</u>
Per Book Coal Inventory	<u>356,219</u>	<u>88,950</u>
Coal Adjustment	<u>\$ (110,031)</u>	<u>\$ (27,475)</u>

Duke Energy Carolina, LLC
Cost of Capital Electric Operations
12 Months Ended September 30, 2013

Line No.	Description	Per Books										As Adjusted	
		Amount (Col. 1)	Ratio (Col. 2)	Rate Base (Col. 3)	Embedded Cost/Return (Col. 4)	Weighted Cost/Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Rate Base (Col. 9)	Embedded Cost/Return (Col. 10)	Weighted Cost/Return (Col. 11)	Operating Income (Col. 12)
1	Long Term Debt	\$ 8,381,099	42.24%	\$ 7,639,593	4.89%	2.07%	\$ 379,575	\$ 8,381,099	42.24%	\$ 8,412,752	4.89%	2.07%	\$ 411,584
2	Preferred Stock												
3	Common Equity	11,461,097	57.76%	10,647,871	10.24%	5.91%	1,099,842	11,461,097	57.76%	11,595,268	8.13%	4.70%	835,679
4	Total	\$ 19,843,097	100.00%	\$ 18,087,434			\$ 1,443,517	\$ 19,843,097	100.00%	\$ 19,818,038			\$ 1,347,043

Line No.	Description	Per Books										As Adjusted	
		Amount (Col. 1)	Ratio (Col. 2)	Rate Base (Col. 3)	Embedded Cost/Return (Col. 4)	Weighted Cost/Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Rate Base (Col. 9)	Embedded Cost/Return (Col. 10)	Weighted Cost/Return (Col. 11)	Operating Income (Col. 12)
5	Long Term Debt	\$ 8,391,099	42.24%	\$ 1,696,534	4.89%	2.07%	\$ 83,197	\$ 8,391,099	42.24%	\$ 1,666,270	4.89%	2.07%	\$ 91,261
6	Preferred Stock												
7	Common Equity	11,461,097	57.76%	2,324,283	11.55%	6.67%	288,558	11,461,097	57.76%	2,552,315	8.45%	5.46%	241,192
8	Total	\$ 19,843,097	100.00%	\$ 4,020,817			\$ 351,685	\$ 19,843,097	100.00%	\$ 4,218,583			\$ 332,433

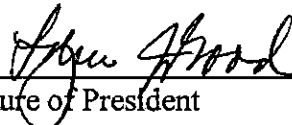
Notes: (a) Long term debt includes Mortgage and Pollution Covered Bonds, Senior Debt, Capital Leases and Unamortized Debt expense, discounts and premiums. Current long term debt maturities are included.

(b) Includes net of tax Progress merger costs to achieve of approximately \$2 million.

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Lynn J. Good, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Carolinas, LLC, as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

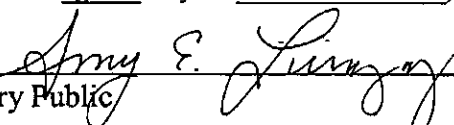

Signature of President

Lynn J. Good
Typed or Printed Name of Person Signing

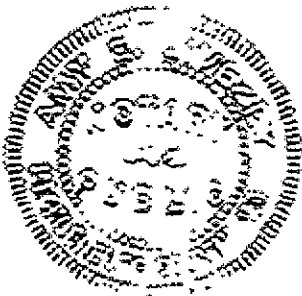
President, CFO & Vice Chair of BOD
Title

11/30/15
Date Signed

Subscribed and sworn to before me this 30th day of Nov, 2015.


Notary Public

My Commission Expires: 11/16/17



CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Steven K. Young, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Carolinas, LLC, as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Steven K. Young
Signature of Person Making Verification

Steven K. Young
Typed or Printed Name of Person Signing

Executive Vice President & CFO
Title

11/30/15
Date Signed

Subscribed and sworn to before me this 30th day of NOV, 2015.



Amy E. Young
Notary Public
My Commission Expires: 11/16/17